

Financial Report



South Louisiana Economic Council
Assumption • Lafourche • St. Mary • Terrebonne

Thibodaux, LA

For the years ended December 31, 2011 and 2010

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South Louisiana Economic Council, Inc.

For the years ended December 31, 2011 and 2010

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
South Louisiana Economic Council, Inc.,
Thibodaux, Louisiana

We have audited the accompanying statements of financial position of South Louisiana Economic Council, Inc. (the Council), a non-profit organization, as of December 31, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of South Louisiana Economic Council, Inc., as of December 31, 2011 and 2010, and its changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 21, 2012 on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing

of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, Louisiana,
June 21, 2012.

STATEMENTS OF FINANCIAL POSITION**South Louisiana Economic Council, Inc.**

December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Current assets		
Cash	\$ 519,896	\$ 52,916
Grant and contract receivables	11,018	87,291
Prepaid auto lease	-	7,325
Prepaid printing	2,370	2,370
Due from Restore or Retreat	-	4,262
Total current assets	<u>533,284</u>	<u>154,164</u>
Property and equipment		
Office furniture and equipment	159,159	159,159
Building improvements	18,112	18,112
Accumulated depreciation	<u>(147,294)</u>	<u>(139,432)</u>
Property and equipment, net	<u>29,977</u>	<u>37,839</u>
Other assets		
Deposits	<u>606</u>	<u>606</u>
Total assets	<u><u>\$ 563,867</u></u>	<u><u>\$ 192,609</u></u>
Liabilities		
Current liabilities		
Accounts payable	\$ 147,460	\$ 57,740
Line of credit	420,000	300,000
Refundable advances	1,195	1,195
Other accrued liabilities	<u>3,211</u>	<u>1,933</u>
Total liabilities	<u>571,866</u>	<u>360,868</u>
Net Assets		
Unrestricted	(12,005)	(179,061)
Temporarily restricted	<u>4,006</u>	<u>10,802</u>
Total net assets	<u>(7,999)</u>	<u>(168,259)</u>
Total liabilities and net assets	<u><u>\$ 563,867</u></u>	<u><u>\$ 192,609</u></u>

See notes to financial statements.

STATEMENTS OF ACTIVITIES**South Louisiana Economic Council, Inc**

For the years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Unrestricted support and revenues		
Governmental grants and other contracts	\$ 495,679	\$ 743,865
Use of contributed facility	9,100	9,100
Interest income	76	209
Other income	<u>28,018</u>	<u>24,650</u>
Total unrestricted support and revenues	532,873	777,824
 Net assets released from restrictions	 <u>2,139,713</u>	 <u>38,548</u>
Total unrestricted support and revenues, and net assets released from restrictions	<u>2,672,586</u>	<u>816,372</u>
 Expenses		
Economic development programs	497,388	456,219
General and administrative	122,035	119,796
Grants	<u>1,886,107</u>	<u>380,122</u>
Total expenses	<u>2,505,530</u>	<u>956,137</u>
 Increase (decrease) in Unrestricted Net Assets	 <u>167,056</u>	 <u>(139,765)</u>
 Temporarily Restricted Net Assets		
Net assets released from restrictions	(2,139,713)	(38,548)
Sponsorships	38,300	15,000
Donations	<u>2,094,617</u>	<u>-</u>
 Increase (decrease) in Temporarily Restricted Net Assets	 <u>(6,796)</u>	 <u>(23,548)</u>
 Increase (decrease) in Net Assets	 160,260	 (163,313)
 Net Assets		
Beginning of year	<u>(168,259)</u>	<u>(4,946)</u>
End of year	<u>\$ (7,999)</u>	<u>\$ (168,259)</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

South Louisiana Economic Council, Inc.

For the year ended December 31, 2011

	Economic Development Programs	General and Administrative	Total
Advertising	\$ 7,036	\$ -	\$ 7,036
Automobile expenses	7,594	-	7,594
Bank charges	-	830	830
Depreciation	6,951	911	7,862
Dues & subscriptions	23,829	200	24,029
Insurance	46,933	19,994	66,927
Interest	-	22,144	22,144
Lease	4,344	70	4,414
Maintenance	620	-	620
Meeting expense	15,301	877	16,178
Miscellaneous	7,646	7,334	14,980
Office supplies	5,520	616	6,136
Payroll taxes	18,047	3,953	22,000
Postage	1,106	221	1,327
Printing	1,384	-	1,384
Professional fees	53,279	9,566	62,845
Rent expense	13,932	4,186	18,118
Salaries	192,618	50,861	243,479
Telephone	2,660	272	2,932
Training programs	12,787	-	12,787
Travel	26,414	-	26,414
Utilities	4,240	-	4,240
Washington Mardi Gras	45,147	-	45,147
Total expenses	<u>\$ 497,388</u>	<u>\$ 122,035</u>	<u>\$ 619,423</u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

South Louisiana Economic Council, Inc.

For the year ended December 31, 2010

	Economic Development Programs	General and Administrative	Total
Advertising	\$ 12,800	\$ -	\$ 12,800
Automobile expenses	8,944	-	8,944
Bank charges	-	354	354
Depreciation	9,502	1,691	11,193
Dues & subscriptions	12,046	384	12,430
Insurance	49,421	9,276	58,697
Interest	-	18,297	18,297
Lease	307	211	518
Loss on disposal of assets	800	-	800
Maintenance	13,810	510	14,320
Meeting expense	13,475	56	13,531
Miscellaneous	1,887	2,377	4,264
Office supplies	3,735	2,264	5,999
Payroll taxes	16,431	2,937	19,368
Postage	1,285	115	1,400
Printing	1,626	504	2,130
Professional fees	-	34,919	34,919
Rent expense	7,414	4,186	11,600
Salaries	226,886	40,558	267,444
Telephone	4,022	1,157	5,179
Training programs	5,930	-	5,930
Travel	26,356	-	26,356
Utilities	994	-	994
Washington Mardi Gras	38,548	-	38,548
Total expenses	<u>\$ 456,219</u>	<u>\$ 119,796</u>	<u>\$ 576,015</u>

See notes to financial statements.

STATEMENTS OF CASH FLOWS**South Louisiana Economic Council, Inc.**

For the years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from Operating Activities:		
Increase (decrease) in net assets	\$ 160,260	\$ (163,313)
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,862	11,193
Loss on disposal of assets	-	800
Decrease (increase) in operating assets:		
Grant and contract receivables	76,273	160,991
Accounts receivable	-	4,550
Prepaid automobile lease and printing	7,325	8,791
Due from Restore or Retreat	4,262	(4,262)
Increase (decrease) in operating liabilities:		
Accounts payable	89,720	(72,718)
Other accrued liabilities	1,278	(348)
Total adjustments	186,720	108,997
Net cash provided by (used in) operating activities	346,980	(54,316)
Cash flows from Investing Activities:		
Building improvements	-	(1,787)
Cash flows from Financing Activities:		
Borrowings line of credit, net	120,000	34,217
Net increase (decrease) in cash	466,980	(21,886)
Cash at beginning of year	52,916	74,802
Cash at end of year	<u>\$ 519,896</u>	<u>\$ 52,916</u>

See notes to financial statements

NOTES TO FINANCIAL STATEMENTS**South Louisiana Economic Council, Inc.**

December 31, 2011 and 2010

Note 1 – Summary of Significant Accounting Policies**a) Nature of Organization**

The South Louisiana Economic Council, Inc. (the Council), a non-profit corporation, was organized on March 16, 1984, to encourage economic development in the four parish area of Assumption, Lafourche, St. Mary, and Terrebonne. The objective of the Council is to spur economic growth by encouraging and facilitating existing local industry to expand and to entice industry from out-of-state to locate in the region. The Council also acts as coordinator for various economic and workforce development activities and programs in the four-parish area. The Council is supported primarily through unrestricted grants from the local governments within the four-parish area it serves, grants from the State Government of Louisiana and by unrestricted support received from local private industry. Governmental grants comprised approximately 18.87% and 95.47% of total unrestricted support and revenue for the years ended December 31, 2011 and 2010, respectively.

b) Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Council is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Council had no permanently restricted net assets at December 31, 2011 and 2010.

c) Basis of Accounting

The financial statements of the Council have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Note 1 – Summary of Significant Accounting Policies (Continued)

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

e) Cash and Cash Equivalents

For purposes of the statement of cash flows, the Council considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Council had no cash equivalents at December 31, 2011 and 2010.

f) Revenue Recognition

The Council follows the guidance of Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions and grants are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence or nature of the grantor restrictions. Support that is restricted by State grants is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other grant-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

g) Property and Equipment

Property and equipment are recorded at historical cost and are depreciated on the straight-line method over their estimated useful lives as follows:

Office equipment	3-7 years
Building improvements	10 years

Note 1 – Summary of Significant Accounting Policies (Continued)

g) Property and Equipment (continued)

Expenditures for renewals and betterments are capitalized and expenditures for ordinary maintenance and repairs are expensed as incurred. The cost and accumulated depreciation applicable to assets retired or sold, if any, are removed from the respective accounts and gains or losses thereon are included in operations. Depreciation expense for the years ended December 31, 2011 and 2010 total \$7,862 and \$11,193, respectively.

h) Accumulated Vacation and Sick Leave

Vacation does not carryover to future years, but sick leave does carryover. All full time employees earn one day of sick leave per month worked which may be accumulated and carried forward from year to year up to a maximum of 240 hours or 30 days. Accumulated sick leave is not payable to employees upon termination, and is therefore, not accrued.

i) Advertising Costs.

Advertising costs are charged to operations when incurred, except for direct-response advertising. The costs of direct-response advertising are capitalized and amortized over the period which future benefits are expected to be received. There were no direct-response advertising costs incurred during the year. Advertising costs incurred and charged to operations was \$7,036 and \$12,800 for the years ended December 31, 2011 and 2010, respectively.

j) Income Taxes

The Council is a non-profit organization and is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code of 1986, as amended. The Council does not participate in activities that produce unrelated business taxable income. Accordingly, no provisions for income taxes have been made in the financial statements.

Note 2 – Restrictions on Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2011</u>	<u>2010</u>
Washington DC Mardi Gras	\$ 3,955	\$ 10,860
Capital campaign	<u>51</u>	<u>-</u>
	<u>\$ 4,006</u>	<u>\$ 10,860</u>

Note 3 – Concentrations of Credit Risk

The Council maintains bank accounts at two banks. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. At December 31, 2011, the amount on deposit at one bank exceeded federally insured limits by \$277,710. At December 31, 2010, amounts on deposit at these banks did not exceed FDIC insurance.

Note 4 – Funding

The Council receives funding primarily through grants and contracts from state and local governments, not-for-profit corporations, and sponsorships for economic development and training seminars hosted by the Council.

Grants and contract revenues were recognized from the following sources during the years ended December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
State of Louisiana:		
Department of Economic Development (LED)	\$ 188,195	\$ 341,676
Department of Children and Family Services	80,282	115,333
Facility Planning and Control	18,182	-
Louisiana Business Incubator Association	-	10,122
University of Louisiana at Lafayette - Louisiana		
Procurement Technical Assistance Center	66,520	76,734
Lafourche Parish	25,000	25,000
St. Mary Parish	25,000	25,000
Greater New Orleans, Inc.	-	100,000
Other	<u>92,500</u>	<u>50,000</u>
Totals	<u>\$ 495,679</u>	<u>\$ 743,865</u>

Note 4 – Funding (Continued)

The Council has a cooperative endeavor with the LED titled the Community Development Block Grant. This grant states that the Council is to give small and emerging businesses assistance in various areas such as marketing, training and counseling. The contract calls for payments to be made to the Council on a cost reimbursement basis. During the year ended December 31, 2010, the Council earned and expended \$111,120, related to the Community Development Block Grant, representing approximately 14.94% of the Council's governmental grants and contracts revenue.

The Council, also, has a cooperative endeavor with the LED titled Tier 1, whereby pursuant to this contract the Council is to provide for the delivery of certain administrative services and documents and to promote regional economic development strategies for the region. These activities will allow the State to seek out opportunities for the creation of economic growth in LA, will help in the creation of new businesses and in the retaining of existing businesses in our State, will help to create new jobs and to retain existing jobs for the citizens of Louisiana. The contract calls for payments to be made to the Council on a cost reimbursement basis. During the years ended December 31, 2011 and 2010, the Council earned and expended \$125,003 and \$156,948, respectively, related to the Tier 1 Grant, representing approximately 25.22% and 21.10% of the Council's governmental grants and contracts revenue.

The Council received an additional \$63,192 and \$73,608 from the LED during the years ended December 31, 2011 and 2010, respectively, as reimbursement for various endeavors in the four parish service area. Services agreed upon in these contracts include improving access to information for companies seeking to relocate within the Bayou Region, to prepare the Bayou Region community to better receive industrial prospects, the advancement of information, databases, and management resources that support the attraction of businesses in the Bayou Region, assisting area contractors in applying for government grants, marketing Louisiana to outside businesses, and designing a number of advertisements for placement in trade journals that align with the Bayou Region's target industry sectors. These additional funds received from the LED represent approximately 12.75% and 9.90%, respectively, during the years ended December 31, 2011 and 2010 of the Council's governmental grants and contracts revenue.

The total received from the LED for the years ended December 31, 2011 and 2010 of \$188,195 and \$341,676 represent 37.97% and 45.93%, respectively, of the Council's government grants and contracts received for the years then ended.

Note 4 – Funding (Continued)

During the years ended December 31, 2011 and 2010, the Council entered into a cooperative endeavor with the Louisiana Department of Children and Family Services, whereby payments are to be made to the Council on a cost reimbursement basis, to provide community-based education, financial analysis, and support to individuals and small businesses in the impacted coastal region for technical assistance with claims in regard to the Deepwater Horizon Oil Spill. The Council earned and expended \$80,282 and \$115,333 during the years ended December 31, 2011 and 2010, respectively, relating to these services, which represents approximately 16.20% and 15.5%, respectively, of grants and contracts revenue.

Facility Planning and Control provided the Council with a grant in the amount of \$425,000 during the year ended December 31, 2011, for the purpose of renovating Babington Hall for SLEC's future office. This grant will remain in effect until it is determined that the renovations have been completed. The Council received and expended \$18,182 during the year ended December 31, 2011, which represents approximately 3.67% of grants and contracts revenue.

Greater New Orleans, Inc. provided the Council with a grant in the amount of \$100,000 during the year ended December 31, 2010, to support the Council's business assistance activities related to the Deepwater Horizon Oil Spill disaster.

Note 5 – Allocation of Expenses

The cost of providing various activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and activities benefited.

Note 6 – Deferred Compensation Plan

Employees of the Council have the option to participate in a deferred compensation program as defined by Internal Revenue Code Section 403 (b) (tax sheltered annuities). The Council has the responsibility for withholding and remitting contributions from participants to the plan. There is no (zero) matching contribution requirement for the Council. An insurance company serves as administrator and has the responsibility for maintaining a deferred account with respect to each participant, investing the participant's account in accordance with the participant's investment specifications and reporting annually to the participant and the Company on the status of the plan.

Note 7 – Contributed Facility

The Council received an in-kind contribution, estimated by management to amount to approximately \$9,100 annually, for office space rentals during the years ended December 31, 2011 and 2010, from Nicholls State University at no cost to the Council. The estimated fair value of this facility is reported as unrestricted support and expense in the period in which the facility was used.

Note 8 – Operating Leases

The Council leased a vehicle under a non-cancelable two year operating lease on November 15, 2009. The Council paid 100% of the cost of this lease in advance. The portion of lease cost related to the current year is charged to operations, and the portion of the lease cost applicable to future periods is included on the balance sheet as a prepaid auto lease. For the years ended December 31, 2011 and 2010, auto lease expense incurred totaled \$7,325 and \$8,790, respectively.

The Council entered into a non-cancelable operating lease agreement for office equipment on December 21, 2010. The agreement is for 39 months, expiring on February 21, 2014. The monthly rental is \$127. Lease payments for the year 2011 and 2010 totaled \$1,524 and \$127, respectively.

On February 1, 2008, the Council entered into a non-cancelable lease agreement for a building in Thibodaux, LA. The lease is for one year and includes the option to renew at year end. The lease payments will not exceed \$2,500 per month at 100% occupancy. The minimum monthly lease payment is \$500. For the years ended December 31, 2011 and 2010, rental lease expense incurred totaled \$6,000 and \$2,500, respectively. The Council uses the building to house the operations of grantee businesses. Rental payments received from the businesses are netted to the respective grants and for years ending December 31, 2011 and 2010, totaled \$1,560 and \$1,371, respectively.

Minimum future lease payments under non-cancelable operating leases as of December 31, 2011 are as follows:

Year Ending December 31:	Office		Total
	Equipment	Building	
2012	\$ 1,524	\$ 500	\$ 2,024
2013	1,524		1,524
2014	254		254
Totals	<u>\$ 3,302</u>	<u>\$ 500</u>	<u>\$ 3,802</u>

Note 9 – Line of Credit

The Council maintains a \$420,000 line of credit with Coastal Commerce Bank. The loan is secured by accounts with the bank, receivables, contract rights and other intangibles. Interest is payable on outstanding balances at one point below the Bank's prime interest rate. The outstanding balance is due upon demand of the Lender or in full by June 2025. At December 31, 2011 and 2010, the interest rate was 6.50% and the Council's line of credit balance was \$420,000 and \$300,000, respectively. As of December 31, 2011 the Council had no funds available on the line of credit.

Note 10 – Economic Dependence

The Council receives a substantial portion of its funding from a limited number of sources. Should one or more of these sources withdraw funding, the Council would not be able to sustain operations as it is presently structured.

Note 11 – Related Parties

The Council entered into an agreement to provide administrative, secretarial, support, and payroll services, to the LA 1 Coalition, a not for profit entity whose mission is to improve the condition of Louisiana Highway 1 in lower Lafourche Parish to Port Fourchon, which is an issue management believes is related to the economic success and viability of the region. The Council is reimbursed for salaries and related payroll taxes after each pay period. The Council also received \$7,500 as compensation for un-reimbursed time and expenses during the years ended December 31, 2011 and 2010.

The Council also entered into an agreement to provide administrative, secretarial, support, and payroll services, to Restore or Retreat, Incorporated, a not for profit entity whose mission is to engage in solutions to achieve comprehensive coastal restoration of the Barataria and Terrebonne estuaries, which is an issue management believes is related to the economic success and viability of the region. The Council is reimbursed for salaries and related payroll taxes after each pay period. The Council also received \$5,000 as compensation for un-reimbursed time and expenses during the years ended December 31, 2011 and 2010.

Note 11 – Related Parties (Continued)

During the year ending December 31, 2010, the Council entered into an agreement to provide administrative, secretarial, and support services to the Gulf Economic Survival Team, Incorporated, a not for profit entity whose mission is to fight to end the deepwater drilling moratorium and shallow water “de facto” moratorium, which is an issue management believes is related to the economic success and viability of the region. The Council received \$5,000 as compensation for un-reimbursed time and expenses during the year ended December 31, 2011.

During the year ended December 31, 2003 the Council entered into a continuing contract with the secretary-treasurer of the board. Under the terms of the contract, this individual will provide operational and administrative services as needed to the Council at an hourly rate of \$125. During the years ended December 31, 2011 and 2010, the council paid \$4,775 and \$7,906, respectively, for services rendered under the contract.

During the year ending December 31, 2011, the Council paid three employees as subcontractors of one of the Council’s programs. The total paid to these employees in 2011 as compensation for these services was \$25,720.

Note 12 – Prepaid Printing

During the year ended December 31, 1996, the Council purchased prepaid specialized printing services from the South Central Planning Commission. As services are rendered to the Council the prepaid amount is credited. The original amount of the contract was \$5,000 and the balance at both December 31, 2011 and 2010 is \$2,370.

Note 13 – Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through June 21, 2012 which is the date the financial statements were available to be issued.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANT

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors,
South Louisiana Economic Council, Inc.,
Thibodaux, Louisiana.

We have audited the financial statements of South Louisiana Economic Council, Inc., (the Council), as of and for the year ended December 31, 2011, which collectively comprise the Council's financial statements and have issued our report thereon dated June 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Commission is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility, that a material misstatement of the Council's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Findings and Responses as item 11-01.

The Council's response to the finding identified in our audit is reported in the accompanying Schedule of Findings and Responses. We did not audit the Council's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor for the State of Louisiana, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, Louisiana,
June 21, 2012.

SCHEDULE OF FINDINGS AND RESPONSES

South Louisiana Economic Council, Inc.

For the year ended December 31, 2011

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified? ☐ yes ☒ no
- Significant deficiencies identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☒ yes ☐ no

b) Federal Awards

South Louisiana Economic Council, Inc. did not expend federal awards during the year ended December 31, 2011.

Section II Financial Statement Findings

Compliance

11-01 Criteria – Internal Revenue Service (IRS) regulations require charitable contributions have contemporaneous written acknowledgement of all contributions of \$250 or more.

Condition – During the year ended December 31, 2011, the Council received contributions of approximately \$1,900,000. Council staff informed us they did not maintain written acknowledgements for contributions received.

Context – Council staff did acknowledge some but not all contributions requiring written acknowledgement.

Effect – Failure to acknowledge contributions of \$250 or more may subject the Council to IRS penalties. Furthermore, donors may be denied charitable deductions for failure to obtain contemporaneous acknowledgement of the contribution from the charity.

SCHEDULE OF FINDINGS AND RESPONSES

(Continued)

South Louisiana Economic Council, Inc.

For the year ended December 31, 2011

Section II Financial Statement Findings

Cause – Council was not aware of the required acknowledgement.

Recommendation – We recommend the Council provide contemporaneous written acknowledgment of contributions of \$250 or more. Contemporaneous means the donor should receive the written acknowledgement at the time of or soon after the contribution is received. Acknowledgements dated by the earlier of the due date of the donor's tax return or the date the return is filed are acceptable documentation. Furthermore, the acknowledgement should include:

1. The amount of cash contributed and a description (but not necessarily the value) of any property other than cash contributed;
2. Whether the donee organization provided any goods or services in consideration, in whole or in part, for any cash or other property contributed;
3. If the done organization provides any goods or services other than intangible religious benefits, a description and good-faith estimate of the value of the goods or services; and
4. If the done organization provides any intangible religious benefits, a statement to that effect.

Views of Responsible Officials of the Auditee where there is Disagreement with the Finding to the Extent Practical. None.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

South Louisiana Economic Council, Inc.

For the year ended December 31, 2011

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2010.
No significant deficiencies were reported during the audit for the year ended December 31, 2010.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2010.

Section II Internal Control and Compliance Material to Federal Awards

South Louisiana Economic Council, Inc. did not expend federal awards in excess of \$500,000 during the year ended December 31, 2010 and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audit s of States, Local Governments, and Non-Profit Organizations.

Section III Management Letter

10 - 1 Recommendation – We recommend that the Council refrain from entering into contracts with employees of the Council.

Management's Response – Management understands that individuals cannot be both employees and contractors and will refrain from entering into contracts with employees of the Council. Unresolved, see management letter comment 11-01.

MANAGEMENT'S CORRECTIVE ACTION PLAN

South Louisiana Economic Council, Inc.

For the year ended December 31, 2011

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2011.

No significant deficiencies were reported during the audit for the year ended December 31, 2011.

Compliance

Recommendation – We recommend the Council provide contemporaneous written acknowledgement of contributions of \$250 or more. Contemporaneous means the donor should receive the written acknowledgement at the time of or soon after the contribution is received. Acknowledgements dated by the earlier of the due date of the donor's tax return or the date the return is filed are acceptable documentation. Furthermore, the acknowledgement should include:

1. The amount of cash contributed and a description (but not necessarily the value) of any property other than cash contributed;
2. Whether the donee organization provided any goods or services in consideration, in whole or in part, for any cash or other property contributed;
3. If the donee organization provides any goods or services other than intangible religious benefits, a description and good-faith estimate of the value of the goods or services; and
4. If the donee organization provides any intangible religious benefits, a statement to that effect.

Management's Response – Management understands and will comply with this finding in all donation activities. They understand this requires an acknowledgement letter on their part to the contributor.

Section II Financial Statement Findings

South Louisiana Economic Council Inc. did not expend federal awards during the year ended December 31, 2011.

MANAGEMENT'S CORRECTIVE ACTION PLAN
(Continued)

South Louisiana Economic Council, Inc.

For the year ended December 31, 2011

Section III Management Letter

11-02 **Recommendation** – We recommend that the Council refrain from entering into contracts with employees of the Council.

Management's Response – Management understands that individuals cannot be both employees and contractors and will refrain from entering into contacts with employees of the Council.

To the Board of Directors,
South Louisiana Economic Council, Inc.,
Thibodaux, Louisiana.

We have audited the basic financial statements of the South Louisiana Economic Council, Inc. (the Council), as of and for the year ended December 31, 2011 and 2010, and have issued our report thereon dated June 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. In planning and performing our audit, we considered the Council's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we became aware of a matter, which represents an immaterial opportunity for strengthening internal controls and immaterial noncompliance with certain provisions of laws, regulations, contracts and grants. The memorandum that accompanies this letter summarizes our suggestions and recommendations regarding this matter. We previously reported on the Council's internal control and compliance in our report dated June 21, 2012. This letter does not affect our report dated June 21, 2012 on the basic financial statements of the Council.

We will review the status of this comment during our next audit engagement. We have already discussed the comments and recommendations with the Council, and we will be pleased to discuss it in further detail at your convenience, to perform an additional study of the matters or to assist you in implementing the recommendation.

Sincerely,

Bourgeois Bennett, L.L.C.
Certified Public Accountants.

Thibodaux, Louisiana,
June 21, 2012.

MANAGEMENT COMMENTS

South Louisiana Economic Council, Inc.

For the year ended December 31, 2011

11-02 Condition – During the year ending December 31, 2011, three employees of the Council were contracted to perform consulting services under one of the Council's programs. An individual cannot be both an employee and a contractor of an organization. Due to the duties these individuals perform for the Council, we feel as though they are employees of the Council, and therefore should not be contractors of the organization.

Recommendation – We recommend that the Council refrain from entering into contracts with employees of the Council.